

Ready to Retire

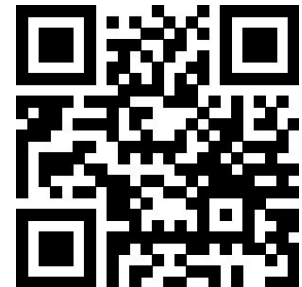
**Optional Retirement Program
(ORP) Discussion**

Introductions

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- Donna King | TIAA Representative
- Catherine Mitchell | CAPTRUST

University Sponsored Retirement Plan Advisors

- TIAA
- Empower
- CAPTRUST



What are we covering today?

- > About the ORP Plan
- > Retirement Eligibility & Vesting
- > Payment Options
- > Other Income Sources
- > Taxes
- > Phased Retirement Program

ORP - A Defined Contribution Plan

401(a)

Qualified under the IRC Sections 401(a) and 403(a)

Benefits are based on amounts contributed and any income and expenses or gains/losses

Combined account (2 sets of assets-employee and employer)
6% Employee Contribution/6.84% Employer Contribution

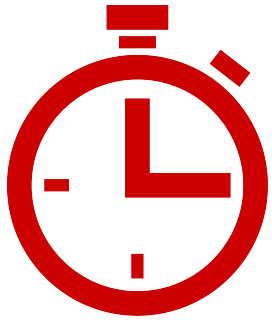
Retirement Vesting & Eligibility

Age

- Unlike TSERS, there is no age requirement to retire in the ORP
- Consider age 59.5 early withdrawal penalty

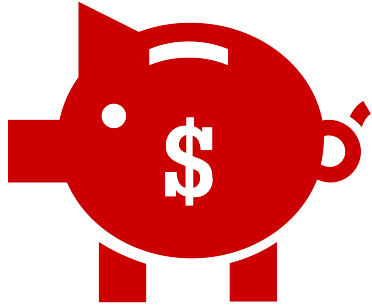
Service

- ALWAYS: 100% vested in your contributions to the plan
- Vested in the University contributions after 5 years of contributing service
- Once vested, no years of service requirement to retire



When can I retire?

- When you are ready and able to retire
 - Consider living expenses, debt, etc
- Retirement is always the 1st of any given month
 - 9 month faculty typically Jan 1/July 1



How much do I need to retire?

- Experts say 70 - 90% of the annual income you earned just before retirement
- Consider your debt, retirement plans, Social Security Income, etc...



Am I invested appropriately at this time?

- That depends on your age, risk tolerance and years until retirement
- Have a one-on-one meeting with your retirement account representative

Health Insurance & the ORP

Contributing to the ORP before October 1, 2006

- > Vested in retiree health insurance after 5 years of participation

Contributing to the ORP after October 1, 2006

- > Vested in retiree health insurance after 20 years of participation
- > 50% Vested in retiree health insurance after 10 yrs of participation
- > May enroll at full cost after 5 years

IMPORTANT

You must be in receipt of a monthly benefit from your ORP account in order to enroll in retiree health insurance!

ORP Retirees are billed monthly for retiree health coverage by iTedium, SHP's TPA for billing.

First hired on/after Jan 1, 2021- Not Eligible for Retiree Health Insurance

Continuation of Benefits - NCFlex Plans

COBRA Continuation

- > Dental, Vision, TriCare, FSA Plans can be continued for up to 18 Months through COBRA provision
- > Coverage ends the end of the month employment ends

Portability

- > Critical Illness*, Accident, and Cancer Plans may be continued through Portability.
- > *Portability is available prior to age 70 for Critical Illness

IMPORTANT

- > Vendors mail continuation options to you once employment ends
- > Find Retiree Dental & Vision options at:
 - NCretiree.com
 - NCRGEA.com

Continuation of Benefits - UNC System Life Insurance

Coverage Termination

- > UNC System Life Insurance ends on the date full-time employment ends.
- > If you do not participate in this plan, you may enroll within 31 days of your retirement

Portability

- > If you participate in the plan, you may elect to continue coverage for you or covered dependents for an amount less than or equal to your current coverage on a guaranteed basis

IMPORTANT

- > Details can be found here:
<https://myapps.northcarolina.edu/hr/download/588/system-group-life-insurance/12080/vrl-voluntary-retiree-life.pdf>

Taxes

Retirement benefit is subject to state and federal tax unless...

Bailey Act Exemption

- > If enrolled in the ORP before August 12, 1989, you are exempt from State of NC taxes on your ORP benefit
- > NC must be primary residence
- > Applicable to the NC 401(k) and 457 plans
- > Not applicable to the UNC 403(b) and 457 plans

Determining your ORP benefit

- Sick Leave does not count toward retirement.
- Consider donating your sick leave through Voluntary Shared Leave (VSL)
 - Leave can only be donated to approved VSL Participants
 - Must donate leave while in active status.

<https://benefits.hr.ncsu.edu/voluntary-shared-leave/>

Determining your ORP benefit

- Benefit amount is based on:
 - Contributions made to the plan
 - Investment performance
 - Payment option chosen
- Leave eligible retirees will be paid for unused Annual Leave (up to 240 hours) and Bonus Leave
 - Taxed as a bonus
 - Consider deferring your leave payouts

ORP Payment Options

Lifetime Annuity

- Provides income for the life of the ORP participant alone, or with an annuity partner (survivor)
- Once selected, the lifetime annuity is irrevocable
- \$10,000 annuity minimum

ORP Payment Options

Lump Sum Distribution

- Cashing out or rolling over the ORP accumulation in total or incrementally
- Health Insurance Implications
- Bailey tax exemption implications (if applicable)

ORP Payment Options

Systematic Withdrawal

- Provides a stream of cash withdrawals taken on a schedule determined by the participant
- Schedule and amount of the withdrawal can be altered
- Minimum: \$10/month

ORP Payment Options

Interest Payment Option

- Participant receives income generated from the ORP investment earnings on an annual basis
- Account balance remains invested and may be withdrawn at a later date

ORP Payment Options

Required Minimum Distribution (RMD)

- Required for retired ORP participants aged 73 who turn 72 starting Jan 1, 2023
 - If retired participant turned 72 in 2022 or earlier, they will need to continue taking RMDs as scheduled
- Allows retiree to keep ORP accumulation tax deferred
- Retiree receives the minimum income required to satisfy federal minimum distribution rules

ORP Payment Options

Am I required to take a distribution when I retire, and if so, when?

- Only if you want to receive the Retiree Health Coverage or at age 73
 - Notices are sent out to you

How flexible are the distribution options?

- The ORP distribution options are all flexible except for the Lifetime Annuity

ORP Payment Options

Is there a “safe” option?

- Differs by personal situation

Am I able to roll the entire balance or portion to an IRA?

- Yes, but you will lose your Bailey exemption (if applicable) and will forfeit your retiree health benefits if funds are depleted

ORP Payment Options

Will I run out of money?

- Depends on your overall financial needs. You are encouraged to conduct a one-on-one review meeting

How much from the ORP account should be set aside to cover lifetime payments to qualify for insurance?

- Check with TIAA

ORP Payment Options

Are my ORP funds still invested once I retire?

- Yes

Do I have to move or change my fund allocation at retirement?

- No

Phased Retirement Program

Eligibility

Full-time Tenured Faculty with at least 5 years of service
Are age 59.5 upon entering phased & eligible to retire from ORP

Details

Allows participant to phase to half-time employment status (.50 FTE)
and also receive retirement benefits and retiree health insurance

Application

PRP application period September - February each year

<http://go.ncsu.edu/prp>

Retirement at NC State web page



Contact your ORP Vendor Representative to determine your retirement strategy and monthly benefit

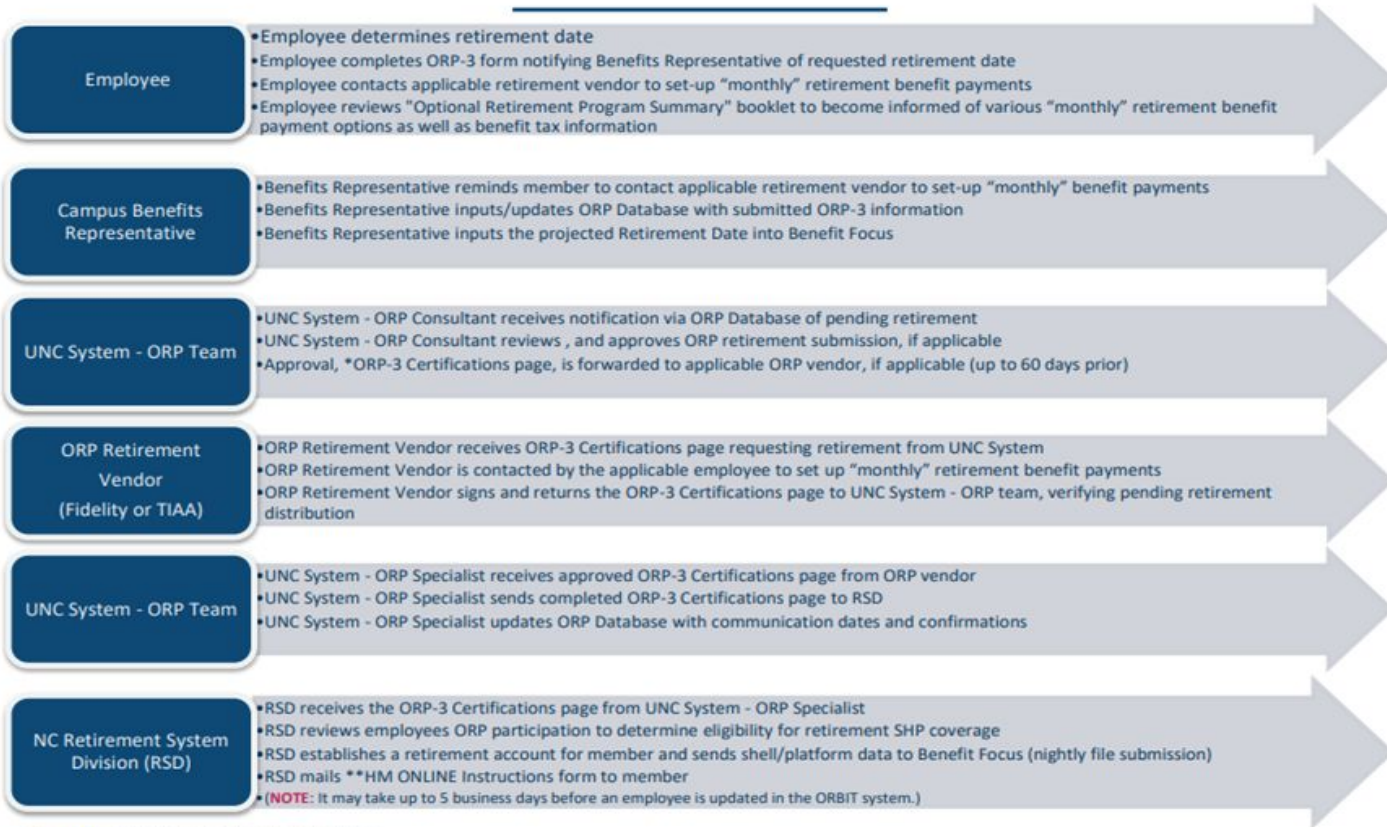


Schedule an appointment with the Benefits Team via HRNow 120-90 days in advance of your retirement date and submit ORP-3 form



Complete Medicare enrollment (if applicable) 90 - 60 days in advance of retirement date

ORP-3 RETIREMENT SUBMISSION CYCLE



Re-Employment

Break In Service

There is no mandatory break in service for ORP Retirees, however, a one-month break is suggested for ORP participants

Restrictions

- ORP Retirees should not exceed 29 Hours (.749 FTE) per week in order to maintain retiree health benefits
- If hired into EHRA/SHRA (or equivalent position) at 29 Hours (.749 FTE) or greater, employee may become eligible for benefits as a full time employee including an ORP contribution
- No Salary Restrictions from ORP Standpoint for retirees (check your Social Security limitations if applicable)
- No restrictions when working for private employer or non-state agency employer (ex: Local Government)

As a Retiree

You may obtain a Retiree Parking Permit for an annual fee or purchase daily passes: Submit a [Permit Authorization Form](#) for Retired Employees signed by your Department Head or representative. Form authorizes the purchase of an “R” permit for an annual fee (\$100 for 2024). *Retired employees who receive compensation from the University are not eligible for an “R” permit.*

You may retain your Wolfpack One Card to use the library, continue your Carmichael Gym membership and be eligible for cultural and sporting event discounts.

Email: Retirees may retain their NC State email account at the discretion of their department management. A department HR representative will submit a no-pay action in the HR System to maintain access.

As a Retiree

WolfPerks: The [WolfPerks Program](#) is designed to save NC State University Faculty & Staff money on products and services both locally and nationally. Take a moment to browse through the many offers available to you and your family throughout the WolfPerks program.

Cultural Events: [Arts NC State](#) is the collective organization for all six of NC State University's performing and visual arts programs and five supporting units. [Ticket Central](#) is the centralized box office for the visual and performing arts programs.

Key Haven Campground: [Key Haven](#) is a large wooded site on a peninsula at Kerr Lake. It is available for camping, picnicking, boating, and enjoying nature.

Athletics: Please contact the Athletics Ticket Office for ticket options available only to retired NC State faculty and staff at 919-865-1510.

As a Retiree

Osher Lifelong Learning Institute: The [Osher Lifelong Learning Institute](#) (OLLI) at NC State provides non-credit short courses, study trips, and special events for adults aged 50. **All retirees receive a free one year membership.**

University Temporary Services: Being retired is not an end, but a starting point for new opportunities. Begin a new adventure where it all started with University Temporary Services. If you are interested in temporary employment at NC State through University Temporary Services, [review the current vacancies](#) and apply for the positions that best match your professional experience. Feel free to contact the UTS Office directly at 919-515-7060.

Emeritus Status (Faculty and Senior Administrators): Any tenured full-time faculty member, Special Faculty, or Senior Administrator who has served for ten or more years State University is eligible to apply for emeritus status. Status is granted to retiring full-time faculty and administrators in recognition of dedicated service

**Retirement at NC State
web page**

Questions?